

Savings plan offers new investing options

By Jim Garamone

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WASHINGTON (AFPN)

— Servicemembers can sign up for the Thrift Savings Plan beginning Oct. 9, Defense Department officials said.

The Thrift Savings Plan is a retirement and investment plan that has been available to civilian government workers since 1987. Congress extended the plan to include servicemembers.

TSP briefings will be held at the Rhein-Main base theater at 8 a.m., Sept. 26, and again at 8 a.m. and 3:30 p.m., Oct. 3. The briefings are approximately an hour long.

“It’s in addition to your regular retirement,” said Army Lt. Col. Tom Emswiler, a tax expert with DoD’s Office of Military Compensation. “It’s an optional program.”

The open season for signing up will run from Oct. 9 to Dec. 8. Deductions will start in January 2002.

In 2002, servicemembers can contribute up to 7 percent of their basic pay. That limit of 7 percent will rise to 10 percent by 2005 and become unlimited in 2006.

Unlike civilians, who cannot make lump-sum payments into the program, servicemembers will be able to contribute all or a percentage of

any special pay, incentive pay, or bonus pay they receive.

“You can contribute from 1 to 100 percent of your special pays, incentives and bonuses into the thrift plan,” Emswiler said.

The total amount generally cannot exceed \$10,500 for the year. Contributions from pay earned in a combat zone will not count against the \$10,500 ceiling.

Like civilian employees in the program, servicemembers will choose how they want their money invested. Right now, there are three funds civilians can choose from.

The funds run the gamut, from safe -- the G Fund invests

in special government bonds-to riskier investments -- the C Fund tied to the stock market. There is also an F Fund that invests in commercial bonds.

TSP unveiled two other funds in May. S Fund investments go to a stock index fund that paces small businesses. I Fund investors will track international companies.

Servicemembers will be able to start, change or reallocate their TSP contributions during two open seasons held each year: from November to January, and May to July.

People can get more information at the UNISERV TSP web page at www.tsp.gov/uniserv/index.html.